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Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE _____

Saturday 4 March 1978 CG NIDC 78/052C

NSA review completed

DIA review(s)
completed.

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review
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National Intelligence Daily Cable for Saturday, 4 March 1978.

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The NID Cable is for the purpose of informing senior US officials.

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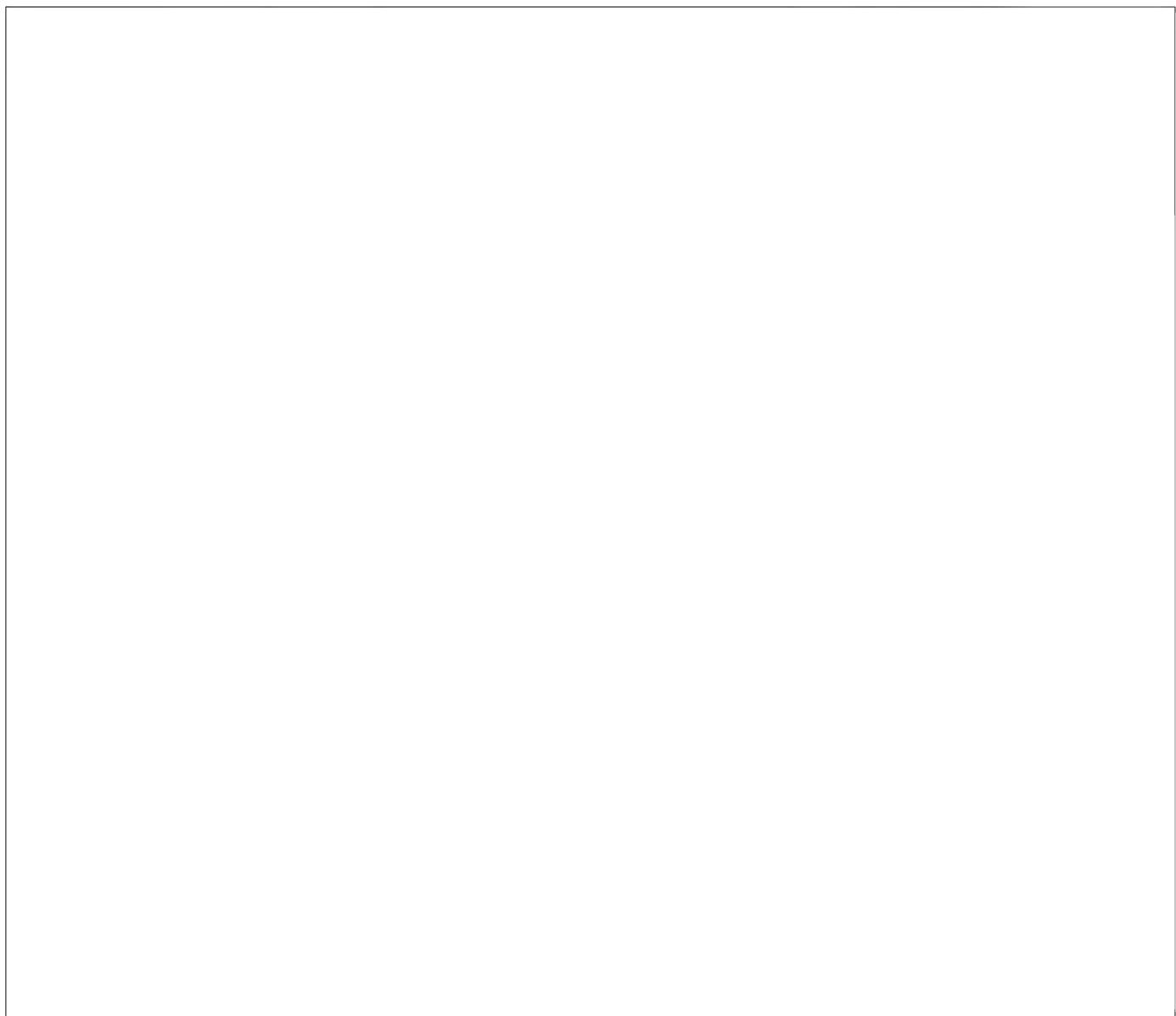
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CHINA: Political Maneuvering

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[Redacted] //The activities this week commemorating the 80th birthday of the late Premier Chou En-lai appear related to the rivalry between Premier Hua Kuo-feng and Vice Premier Teng Hsiao-ping. The birthday, which is tomorrow, coincides



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[redacted]
with what is expected to be the closing day of the National People's Congress, the legislature that is meeting to choose a new government, including a premier. DIA does not believe there is significant rivalry between the two Chinese leaders.//

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[redacted] //The commemorative activities seem designed in part to establish a link between the revered Chou and the leading figures at the congress--particularly the congress' most visible personality, Hua Kuo-feng. An article praising Chou for his ties to ordinary people appeared Wednesday in the party newspaper beneath a picture of Hua attending a congress meeting as an "ordinary delegate." It was Hua who is said to have directed that Chou be remembered on his birthday rather than on the anniversary of his death, as has been the case in the past.//

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[redacted] This shift appears to have implications for Chou's chosen successor, Teng Hsiao-ping. It serves to divert popular attention from the link between Chou's death and Teng's subsequent political difficulties. On two previous occasions, activities commemorating Chou's death resulted in a show of popular support for Teng and implicit criticism of those whom the Chinese people believed were responsible for Teng's problems.

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[redacted]
As he seeks to build his public image, it is in Hua's interest to show that he, in addition to Teng, is following in Chou En-lai's footsteps. This would give him a decided advantage over Teng because he can make the claim, which Teng cannot, that he is also the chosen heir of Mao Tse-tung. Hua, moreover, undoubtedly is also interested in protecting those party officials with whom Teng seems unwilling to work. The new attention to Chou's birthday rather than his death seems to serve both purposes.

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[redacted] In general, media coverage of the congress has given far greater prominence to Hua than to Teng. Hua has received extensive laudatory coverage throughout the week, while Teng finally received coverage in the party newspaper on Thursday in his capacity as a delegate representing the armed forces at the congress.

DIA Comment

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[redacted] //DIA does not believe that significant rivalry currently exists between Hua Kuo-feng and Teng Hsiao-ping. It is that agency's opinion that a division of responsibilities and roles between the two leaders was worked out during last year's Party plenary sessions. Moreover, it seems highly unlikely that Peking would have elected to hold the Fifth National People's Congress without first dispensing with such a critical matter as the power relationship between these two key political figures.// [redacted]

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USSR - WEST GERMANY - EAST GERMANY:

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[redacted] //Soviet spokesmen continue to express concern about developments in East Germany and complain that the USSR is not fully informed about East - West German relations. The Soviets, however, are reassuring Bonn that Moscow wants no increase in tensions in Berlin and still favors a summit meeting between President Brezhnev and Chancellor Schmidt.//

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[redacted] //Other Soviet spokesmen in the past few weeks have complained that Moscow does not know the full details of economic transactions between the two German states. A West German official said last week that Soviet Ambassador Falin had complained about not being fully informed about East - West German relations and that "another Russian" had complained that the Soviets were unable to monitor all financial transactions between Bonn and East Berlin.//

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[redacted] Soviet suspicions about East - West German contacts have been endemic since the two German states established formal contacts. They apparently were aggravated late last year by the well-publicized East German agreement to buy 10,000 Volkswagen Rabbits from the West, a deal that allegedly was concluded without Soviet knowledge.

25X1 [redacted] The Soviets' uneasiness probably has not reached a level that could threaten their relationship with East German party and state leader Honecker. In Moscow's view, there is no one in sight in East Germany who would be a better alternative to Honecker.

25X1 [redacted] //The USSR's policy toward Bonn remains unchanged, and Moscow would like to extract some political advantage from the rescheduling of Brezhnev's trip. [redacted]

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BRIEFS

Romania

25X1 [redacted] The Soviet Ambassador to Romania has told US diplomats that President Ceausescu will probably visit the USSR this year. This is our first information on such a visit. It would not be surprising, however, because Romania has customarily tried to balance its relations with all the major powers. Ceausescu will go to China later this month and to the US early next.

25X1 [redacted] The Soviets presumably are concerned about Romania's rapidly improving relations with China, and Ceausescu may want to reassure them on that score. He may also brief President

Brezhnev on his talks scheduled for April with President Carter. The Romanian President's last visit of any length to the USSR--highlighted by an unprecedented side trip to Soviet Moldavia, which was once part of Romania--opened a period of thaw in bilateral relations which lasted until last summer.

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[redacted]
Egypt-Cyprus

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[redacted] Egypt will try in absentia the two Palestinians being held by Cyprus for killing Egyptian journalist Sibai, according to Egyptian press reports. Cyprus' Attorney General, meanwhile, has applied to the Supreme Court to begin trying the Palestinians in Cyprus no later than 14 March.

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[redacted] President Sadat continues to press Cyprus to extradite the men to Egypt, although his recent public attacks have focused on the Cypriot Government rather than on President Kyprianou personally. Cypriot leaders have been noncommittal about the ultimate fate of the terrorists. They seem to recognize, however, that Cyprus must deal harshly with the two men, probably by executing them or extraditing them to Egypt after the trial, if Cyprus is to regain Egyptian friendship and support in its dispute with Turkey.

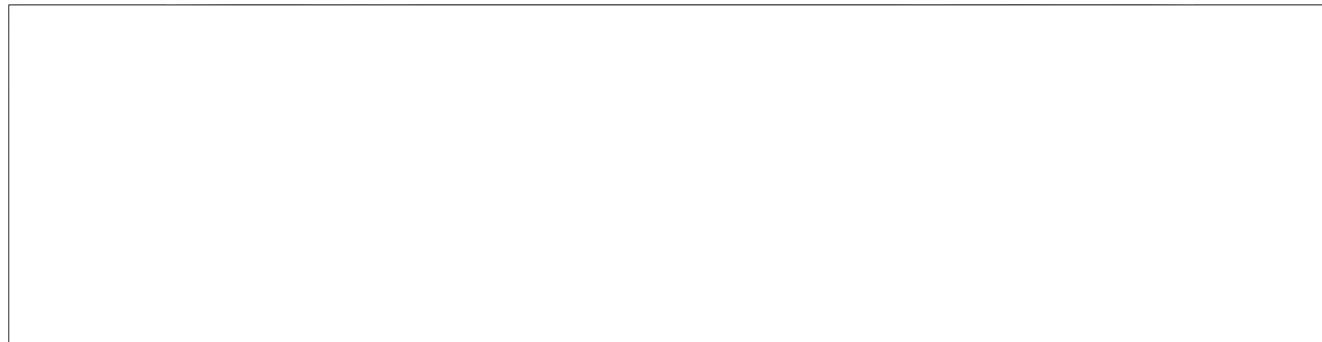
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[redacted] Sadat's government is under attack at home for its handling of the Sibai assassination and the botched rescue attempt. Egyptian leftists and others cite the affair as an example of the government's incompetence.

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Italy

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[redacted] Italian fishermen have greatly exceeded the 1978 US quota for silver hake. Although the Italian catch is relatively small--84 tons--it is more than twice the original US estimate and more than four times the Italian quota of 20 tons. Because of the excesses, the US has told Italy to halt all fishing in US waters.

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[redacted] Italy's Ambassador to the US met with US authorities last month and expressed surprise at the suspension. He requested that its implementation be delayed or that it be limited to those ships guilty of overfishing. He said the total ban on fishing would seriously hurt the fishing fleet and affect Italy's economy.

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Senegal

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[redacted] President Senghor won another five-year term last Sunday in Senegal's first multiparty presidential and parliamentary election. His centrist Socialist Party captured 82 percent of the vote, losing only 17 of 100 seats in the national assembly to the rightwing Senegalese Democratic Party. The Marxist-Leninist party failed to win a seat.

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[redacted] The 71-year-old Senghor, who has been President since independence in 1960, is a major leader among moderate French-speaking West African states and has actively sought peaceful solutions to African problems. For the past two years, he has nurtured a three-party democratic system; by subjecting his own party to political competition, Senghor hopes he can build an organization strong enough to outlive his leadership and to guide the transition to his eventual successor.

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[redacted] Speculation is widespread that Senghor will resign midway through his new term so that his constitutional successor, 43-year-old Prime Minister Abdou Diouf, can become established as the ruling party's favorite candidate in the 1983 election. Diouf, Prime Minister since 1970, lacks Senghor's charisma, and his support--particularly in the Army--is questionable. Other senior members of Senghor's party may challenge Diouf in the bid for the presidency. [redacted]

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Malaysia

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[redacted] Malaysia has postponed indefinitely a visit by Foreign Minister Rithauddeen to Peking that had been tentatively scheduled for April. The government may have decided on the postponement because it is concerned over anti-Chinese sentiment in Malaysia and because it is annoyed with Peking's dual policy of trying to improve state-to-state relations while maintaining ties with the Communist Party of Malaysia.

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[redacted] The postponement may also be a sign that the governing National Front expects to hold an election this spring. The government probably wants to avoid giving further ammunition to anti-Chinese Malay chauvinists by sending Rithauddeen to Peking. [redacted]

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